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Agricultural Situation

Mexico's Weekly Highlights and Hot Bites, Issue #13 2001

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Report Highlights:

ANTAD Retail Food and Beverage Show a Big Success *Apple Imports from U.S. Exceed 2001 NAFTA *Pork Imports from U.S. Exceed 2001 NAFTA Safeguard* Raisin Outlook for Mexico Is Mixed *Mexico Announces New Supports for Coffee Growers *Mexico's Bread Giant on the Move Again *Fiscal Reforms Aim to Bolster Economy *Reminder on Comments on Proposed Regulations *Reports Submitted Recently by FAS/Mexico

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1], MX

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the US agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing US agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the US Embassy's, or any other US Government agency's point of view or official policy.

ANTAD RETAIL FOOD AND BEVERAGE SHOW A BIG SUCCESS

The FAS's Agricultural Trade Office (ATO) in Mexico City organized a 39-booth US Pavilion and recruited 46 US companies to participate in ANTAD '01, Mexico's premiere retail food and beverage show. US exhibitors project twelve month sales of over US\$14 million. Show attendance was unofficially estimated at over 12,000 visitors.

In addition to the US Pavilion, the ATO organized several other activities, including a trade reception for US exhibitors and Mexican trade contacts, at which 250 attendees cultivated business relationships. The ATO, also worked closely with the USDA's Emerging Markets Office and Exports Credit Program Area to organize four seminars covering food safety, optimizing profitability and USDA's credit guarantee programs. The ATO also organized a supermarket tour and a breakfast/seminar program for US exhibitors. The latter included presentations on labeling, export opportunities in Mexico, and how to market one's product successfully Mexico. (Source: FAS/Mexico/ATO, 03/26/01)

U.S. APPLE SAFEGUARD UNDER NAFTA FILLED FOR 2001

The Secretariat of Economy (SE) announced on April 3, 2001, in the Diario Oficial (Mexican Federal Register), that Mexico's 2001 NAFTA safeguard quota for U.S. apples (67,641.94 MT) has been filled. Starting April 4, and through December 31, 2001, imports of fresh apples from the United States will be subject to the 20 percent safeguard tariff agreed under NAFTA. The in-quota tariff for U.S. apples was 4 percent. For additional information see report MX1047. (Source: Diario Oficial, 04/03/01)

PORK IMPORTS FROM U.S. EXCEED 2001 NAFTA SAFEGUARD

On April 3, 2001, Mexico announced that the quantity of select pork products (HS0203.11.01, 0203.12.01 and 0203.19.99) imported from the United States had exceeded the safeguard quota agreed to under NAFTA. As a result, starting April 4, 2001, the tariff will increase to 20 percent from the in-quota rate of 4 percent. The higher rate will remain in effect through December 31, 2001. For additional information see report MX1045 (Source: FAS/Mexico City)

AUCTION OF PERMITS TO IMPORT PORK FAT AND OILS SET FOR APRIL 30

On March 29, 2001, Mexico's Secretariat of Economy (SE) announced in Mexico's "Diario Oficial" (Federal Register) the auction of year 2001 import permits (cupos) for the period May 1, to July 15, 2001, for U.S. pig fat and oils (except product not for human consumption) as established under the NAFTA tariff rate quotas (TRQ). The auction, number 030/2001, will be conducted by SE's Directorate of Foreign Trade Services (DGSCE) on April 30, 2001, at 12:30 p.m. in Mexico City. For additional information see report MX1046 (Source: FAS/Mexico City)

RAISIN OUTLOOK FOR MEXICO

Raisin production is forecast to decrease for MY 2001/02 to 15,000 MT based on a lack of credit and low profits during MY2000/01. A glut in the international market during MY 2000/01 decreased prices, reduced exports, and increased imports, mainly from Chile. Raisin imports are expected to increase MY 2000/01. Traders indicate that lower quality imports generally fill the void left by raisin exports. Imported raisins from the United States for MY 2000/01 were on average US\$0.83/lb and Chilean imported raisins were on average US\$0.55/lb. These low prices spurred imports of raisins for MY 2000/01. Wholesalers indicated that Chile is still the main raisin supplier to the Mexican market. For additional information see report MX1048. (Source: FAS/Mexico)

MEXICO ANNOUNCES NEW SUPPORTS FOR COFFEE GROWERS

The Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA), this week announced in the Diario Oficial (Mexico's Federal Register) the new supports to coffee producers in several states. SAGARPA will provide economic assistance, through state governments, to coffee growers who have less than 5 hectares of coffee plantings. SAGARPA has earmarked approximately US \$36 million to help 249,046 coffee growers with a total of 452,845 hectares in 10 coffee producing states in Mexico. The new support, called "Special Support Program for Coffee Investments", will be available up to December 31, 2001. For additional information see report MX1044. (Source: FAS/Mexico City)

MEXICO'S GIANT BREAD MAKER ON THE MOVE AGAIN

According to local newspapers, top management at Grupo Bimbo S.A., the world's No. 3 bread maker, said it may link up with the food division of The Exxel Group, an Argentine private equity fund. Bimbo, which also makes chocolates and jams, has held talks over a potential partnership with The Exxel Group's bread and pastry maker Fargo, S.A. Exxel plans to sell 50 percent of Fargo to Bimbo in about four years as reported by undisclosed sources in Argentina. (Source: The News, 04/05/01)

FISCAL REFORM AIMS TO BOLSTER ECONOMY

On March 3, 2001, President Vicente Fox's administration introduced a tax reform bill to the Mexican Congress. It includes reforms designed to kick-start credit growth, impose supervision of unofficial

saving schemes, boost financial market liquidity and avert banking crises. While the package's tax measures, which are aimed at raising government revenues, have drawn the most attention, the bill also includes measures aimed at reinforcing the nation's financial system. A major reform directed at raising stock market liquidity and participation would strengthen the rights of minority shareholders, bring in independent board members and ensure greater transparency in the disclosure of company information. Other steps aimed at improving liquidity are measures that promote voluntary retirement savings contributions, allow pension funds to offer workers a wider variety of investments for their savings, with varying levels of risk, and makes mortgages tradable instruments. In addition, the bill proposes to extend the exchange of information between financial regulators across borders with a view to detecting any systemic risks early on. (Source: The News, 04/05/01)

REMINDER FOR PUBLIC COMMENTS ON PENDING PROPOSED REGULATIONS

There currently are no proposed regulations on which to comment.

REPORTS SUBMITTED RECENTLY BY FAS/MEXICO

Report#	Title	Date Sent
MX1039	Mexico's Weekly Highlights and Hot Bites, Issue #12	03/26/2001
MX1042	The Mexican Market for Market Pulses	03/31/2001
MX1043	The Mexican Market for Market Snack Foods	03/31/2001
MX1045	Pork Imports from U.S. Exceed 2001 Safeguard	04/03/2001
MX1046	Auction of Permits to Import Pork Fat and Oils Set for April 30	04/03/2001
MX1047	U.S. Apple Safeguard Filled for 2001	04/03/2001
MX1048	Raisin Production for MY 2001/02 is Forecast to Decrease	04/05/2001